EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF NATIONAL DRUG CONTROL POLICY

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DIRECTOR JOHN P. WALTERS ADDRESS TO

THE HUDSON INSTITUTE

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AMBASSADOR DAREMBLUM: On behalf of the Hudson Center for Latin American Studies, it is a great pleasure to welcome you to a briefing on Colombia by the Honorable John Walters, Director of the White House Office of National Drug Control Policy, a position known in Washington talk as the drug czar.

A special welcome to Ambassador Duenas from Costa Rico and other distinguished members of the Diplomatic Corps that have joined us this morning.

Today's briefing is part of a series in which we will examine current issues of particular importance in U.S./Latin American relations. Undoubtedly, the struggle against drugs and druq trafficking crucial importance has а to our hemisphere.

It is a struggle for our youth, our peace, and freedom. And yes, it is to safeguard the hard-won gains in democracy achieved by Latin America during the last two decades.

Colombia constitutes a crucial front line in this difficult battle. What happens there is bound to effect the rest of our countries because of the

1 nefarious influence the illegal drugs consortium has on our societies and institutions. 2 The United States is Latin America's most 3 important partner in this multifaceted war. 4 5 the center of U.S. leadership is our guest speaker this morning, Director John Walters. We are fortunate 6 and privileged to host him for such an important 7 8 discussion. 9 It is my pleasure now to call on our CEO, 10 Dr. Ken Weinstein to introduce Directors Walters. 11 Thank you. 12 HUDSON INSTITTUE REP: Okay. Many thanks, Ambassador Daremblum. 13 Hudson Institute is truly fortunate to 14 15 have someone of your stature, your insight, and your 16 wit as our Director of Latin American Studies. 17 is a new and very active program for Hudson Institute and we are very grateful to have you with us. 18 19 I also want to welcome everyone to Hudson 20 Institute's new headquarters. As you can see, we're 21 still awaiting the installation of our new audiovisual 22 equipment and our new furniture. 23 That being said, it is really a great honor for me to be able to introduce John P. Walters, 24 25 the Director of the White House Office of National

Drug Control Policy. As the drug czar, Mr. Walters coordinates all aspects of federal drug programs and spending.

John was my first boss here in Washington and someone who -- anyone who has had the real privilege to work along side of John, you know that John is someone who teaches you, by example, how to think about public policy, especially how to maintain the proper balance between practical challenges and theoretical insights.

A political scientist who taught at Michigan State University and Boston College, John combines the moral seriousness and toughness of the law enforcer with an acute theoretical understanding of the challenges to individual character in liberal democratic societies influenced by his long study of de Tocqueville, Burke, and Rousseau.

And as the Cabinet-level drug czar, John has led the challenge to meet the White House's aggressive national drug control strategy. Under his tenure, drug use has dropped to its lowest level since the early 1990s.

Drug interdiction is a key part of this story. And so today we'll hear about the dramatic results of counter drug efforts in Colombia.

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Ladies and gentlemen, the Director of the Office of National Drug Control Policy, the Honorable John P. Walters.

(Applause.)

DIRECTOR WALTERS: Thank you, Ken. Thank you all for being here. It is a pleasure for me, as you heard from that bio, as a recovering academic, to come back to a place where people spend time -- more time thinking about what we see and deal with in the world and helping us to better understand things. We don't do enough of that and we don't do enough of that high quality.

This is an institution that has a long history and is starting a new era here. And I'm pleased to be here at the housewarming for an opportunity to really think about the challenges that we face now.

The topic of narcotics control, anti-drug efforts, especially those in Colombia, is not only timely but it is also, as many of you who have looked at this know, an area that has been plagued even in the policies studies areas by shocking degrees of shallowness and silliness.

This is an area that has many people who otherwise can produce better work talking in quite

dogmatic and unrealistic ways about what is happening, what can happen, and what should happen. It's partly because this problem is, of course, tied up with a lot of social issues, sometimes, personal behavior, sometimes in the area certainly of foreign policy, it is tied to terrorism.

It's tied to the relationship of rule of law and societal control. It's tied to issues of of corruption as well as issues what is the relationship between security forces and liberty, all of them controversial. And when you mix them together, it is not surprising that nerves rather than more careful, thoughtful forces sometimes come to the fore.

So I guess in keeping with the founding principle of the Hudson Institute of thinking the unthinkable, you are willing to come back and take this seriously. And I appreciate that.

I intend my remarks to be quite brief because I would like to engage in discussion, questions from people here who have, I know, a variety of distinguished backgrounds and have thought about aspects of this that are important. And I'll be happy to respond to your concerns.

I would say briefly, and the reason for my

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wanting to talk about this topic is the -- what I think is the under appreciated, remarkable example of Colombia. I, as Ken mentioned, served here in government at the pleasure of serving government back in the Reagan Administration and President Bush's father's Administration and now I'm back.

So I've looked at the Colombian issue for the long term, not minute by minute, not yesterday's newspaper. And I think if you looked either in the Reagan Administration or frankly in the President's father's Administration and said Colombia was going to be where it is today, that would be considered impossible period.

It would not be possible to have a country that is extending democracy to its borders, providing opportunity in economic growth, overcoming the threats of armed groups, and working to actually heal the society in fundamental ways. That the problem was considered overwhelming. The forces were considered to powerful, pushing it apart. And the raw material to create what now exists in Colombia was not believed to exist.

I think that is an important lesson. But also the specifics of what is happening in Colombia are even a more important lesson. And the blindness

to that importance, I think, seriously indicates the problem of blind spots that ought to worry us in other parts of policy. And also about our unwillingness, I think, to fully think through what elements that others reject really are the cornerstones of very, very important improvements.

What do I mean? Let me talk about the narrow changes in Colombia since the inauguration of the current President Uribe in 2002. You hear a lot about the violence in Colombia still and certainly there is violence there. But the most astounding fact for us ought to be the change in the level of violence and suffering and human rights violations in Colombia.

In 2002, there were an estimated 92,500 displaced families in Colombia. Today there is an estimated 37,800, remarkable decline in the midst of considerable fighting. In that same period, kidnappings are down nationwide 35 percent, homicides down 15 percent, the number of peoples that are victims of massacres in terms of violations of rights down 52 percent, terror cases down 44 percent.

All of Colombia's 1,098 municipalities now have government presence, police presence, rule of law courts, efforts to bring social services and education to those municipalities for the first time, I believe,

in modern memory.

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Now only have human rights offenses been cut but less than two percent of those allegations of human rights violations reported to the Ombudsman Office for Human Rights in Colombia from are government security forces. There have been no allegations of abuse against U.S.-trained units Colombia.

At the same time, economic growth for Colombia in 2002 was about 1.9 percent. In 2004, it is 4.1 percent. The first quarter that we have for 2005, it's 3.6 percent.

Unemployment has gone from 16 percent in 2002 estimated to 12.5. Foreign investment, just over the last year from 2003 to 2004 is up 34 percent in the context of fighting a war, in the context of building institutions of integrity, in the context of taking on some of the toughest challenges where criminal groups threatened and declared in the last decade war against the government because of their power.

In the course of wringing out that trouble, economic growth, better rights environment than I believe any nation on Earth, frankly, has had in terms of improvement in the last two years, have

occurred. Yet the example of Colombia, as I say, is not talked about with, I think, the focus and attention it deserves.

Why are we so involved? Well, obviously, Latin America is always important for the United States. It is the hemisphere that we live in. We have trade. We have obvious connections between our populations that have grown and continue to grow over the years.

But also illegal drugs has been a major source of the United States' interest in this country because of the terrible, destructive consequences, particularly of cocaine, in American cities over the last 15 years or more.

What's happened in that regard? Well, the arguments, as you know, have been well, you can't really control these things or that, more importantly, that the instruments of control, the use of law enforcement or the use of security forces, create equal or greater harms than the harm of the substances themselves when taken realistically as a whole.

I think it is important to note that the people who make those kinds of arguments do not live in the countries effected by drugs and even those countries that are effected more in terms of

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consumption than in the violent organizations that produce and traffic.

When I meet with people in the international bodies of the U.N. and others, it is quite surprising to see the indignation of people living in Africa, and Asia, and Latin America toward many who, in some cases, consider themselves to be arguing from not only intellectually but morally superior position in Europe and some people that are from this country that we ought to allow people to use more of these dangerous, addictive substances.

They consider that to be ludicrous. And they do for good reason. Even with all of our resources, the harm that these do to individuals are difficult for us to bear the costs of.

For countries that don't have those huge populations that are subject resources, subject to addiction and falling into criminal activity, the consequences of not only the violence associated with trafficking but the enhancement to violence that the people under the influence of these drugs are frequently involved in are catastrophic. They are devastating to these countries.

What has President Uribe has done in combating these that, I think, is an example. Well,

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first of all, he has set down a clear statement of what the policy of the country is because the view of many is, and I think makes this issue subject to some cynicism is, a discussion of measures that are not in keeping with the magnitude of the problem.

That this is one of those policy areas, there are others, where we are hampered in effectiveness by frequently resorting to gestures rather than thorough-going efforts that are thought through and are likely to make a difference and are adjusted when they need to be adjusted to make sure they presume that difference.

He said there are going to be no drugs in Colombia. Now does anyone think that we can actually, you know, every square inch of any place? No. But the issue has been in the past make to an To reduce and call it a win and go accommodation. That is not going to happen here.

We're going to go after all the parts of this that include the violence that this feeds, to the destruction in Colombia, to the twisting of the economy, to the corruption of institutions, to the distortion of legitimate activity.

And for the first time, I think he was a president that also said in addition to bringing

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security and rule of law, I want to bring jobs, I want to bring courts that really are effective and aren't corrupt and aren't locked in bureaucratic morass that can't make decisions. I'm going to change the judicial system so that it is providing justice.

I'm going bring education and to healthcare, too. That I'm going to make the country of the people of Colombia. And not just of the people who hold the institutions of power, which has been a in some parts of the country, in problem countries throughout this hemisphere and others.

And even when he said those things and many people didn't believe him, it was important for him to, I believe, state clearly what the objectives and what he was going to hold himself and his administration accountable for.

Because even though I believe almost everybody said he could not do what he said he was going to do, including people who provided advice to the federal government of the United States said that this man cannot possibly raise the taxes, implement policies on these vast scales, maintain security forces without gross violations of human rights, he has done all of them.

Everything that he said he was going to

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do, he's done. Some of them he has done to a greater extent than he even promised. And he's done them in the ways that he said he was going to do them.

Now is a remarkable individual. There's no question about that, you know he burns out staff because he works seven days a week.

He has what some consider to be the annoying -- I consider to be the essential element of calling up commanders of military and police posts from his office and saying I'm reading your monthly report and you're not performing up the level. You know what's the matter? Get on it. Or the next time you're gone. Accountability that people don't, you know, don't sit in the bureaucracy and are allowed to hold positions of responsibility and trust and not carry them out.

The consequences of this have been, of course, far reaching for not only the people of Colombia but I think for obviously the consequences for the region. One, Colombia is a stable country today. It was going to lose its stability to crime and violence. Armed groups, as you know, on the left, on the right. In fact, armed groups had bred armed groups to protect citizens where government had failed.

Those groups are today, instead of vying for parts of the country to take over, instead of declaring war on the country as criminal groups did in the past, they are seeking an exit strategy. They are seeking peace. They are demobilizing. They are facing desertions. And they are facing loss of resources because of the far-reaching implications of the policy of the government.

In addition, he's brought confidence back to Colombia. I don't believe any modern president in the region -- I think in the world wouldn't be too much to say -- has maintained a popularity rating that he has maintained in that country because not only has he been seen to do things that make a difference, he's been understood by the people of the country to be doing things that make a positive difference in their lives.

And, in addition, he has sought to make sure that he maintains contact with the people. He has a somewhat dangerous practice of going around the country every week and meeting in towns with masses of people who bring their concerns to the president. And for hours and hours and hours.

And he asks that those concerns be -- he's reconnecting the government institutions and the

people who populate them to the people of Colombia.

If anything, I would say it is a kind of reratification of the social contract.

What do I think that means for larger issues of policy? Well, first I think it shows the importance of leadership that begins with basic needs for stability and justice and makes them something you implement in a reasonably short period of time, shorter than most countries and most political systems want to allow.

Secondly, I think it is very important to see that he has made an argument that has been distasteful to many in Europe and some in Latin America and some in the United States that a strong, security force is good for democracy and not a threat for democracy. That is a continuing debate about or not the instruments of security whether violators of human rights or protectors of human rights. And this has always been, to some degree, a struggle.

But he has insisted on this. And he has made it a reality in profound ways. And he has shown that a stronger, larger police and military establishment, tied to training that respects human rights and a process that will allow for effective law

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enforcement is good for not only the condition in which people live but for the economic growth and future of a country.

In addition, he has dealt with the extremely difficult problem that drugs as well, I think, terror presents us with in an important way that has far-reaching lessons.

No president in Colombia has extradited more individuals to the United States than President Uribe. His government has sped up the extradition process where we have charged individuals who committed crimes against the United States. And he has allowed them, after processes in Colombia, to be relatively rapidly extradited to the United States to be adjudicated.

What's happened in the past is many countries that have faced this, not only in this hemisphere but in others and continue you to face it, is that the power of armed criminal groups, or armed groups period, overwhelms a weakened judicial system by corruption and threat, killing prosecutors and judges, and witnesses, and failing to allow fledgling institutions to have the strength that you need against maximum pressure from forces of lawlessness and violence.

He has used this tool. And I think it stands in sharp contrast to countries that are still struggling with how do we either bring to justice, hold or adjudicate and really punish and prevent from being sources of fundamental threats to the regime, individuals who have violence, who have money, and are ruthless.

It is not easy, as you can imagine, to extradite your nations to a foreign country to be judged and to be punished. Every nation wants to make as much as possible the instruments of justice be something that is, you know, a jury of your peers. It happens at home. And as he stands these institutions up, it is not easy to maintain extradition.

But it has been vitally important. And it has changed the face -- in the past there have been times when this was not the case and where it has been undermined in Colombia, and individuals then became desperate behind bars and became more violent and were successful in upending institutions of justice.

In terms of the overall drug trade, his efforts at eradication, of removing drug crops, of insisting that there has to be a combination of opportunities for development and very importantly, there must be increased risk and intolerance of the

production of drugs.

There is a kind of silly debate that goes on in many policy areas and must too extensively about whether or not the way out of the problem of drugs is simply development. We all like to talk about police or punishment, their interdiction or forces of security, that the problem is there isn't enough opportunity.

Now the reality here is we have to eradicate drugs in California. We do not believe that that is because there needs to be an alternative development program in California. We believe that's because there is areas where we need to have better control and we need to prevent this from happening.

And that's the way President Uribe has acted. He has done what few other countries have done in history. He has used aerial spraying to eradicate both coca and opium poppy.

What's been the result? Well, over a third reduction in overall cultivation. It's important for those of you who don't follow this all the time to know that the largest area of cultivation had been, in the past, focused in Peru and Bolivia.

We went 15 years ago. Through a variety of events which we can talk about in the question and

answer but are not pertinent here, that changed and cultivation shifted to Colombia over the last ten years roughly. And huge cultivation -- 75 percent of the cultivation of coca, which makes the source organic for cocaine in the world, was in Colombia.

It was in areas frequently controlled by, including operated by armed groups which gained money.

There's still some of that going on in some of the areas that are still under struggle.

And it became a -- Colombia was always a place where the product was shipped, sometimes for processing, to connect to markets in the United States, which actually began with the old Colombian markets here for marijuana in the early "80s. The same organized groups then began producing first cocaine and then heroin through planting of opium poppy.

What President Uribe did is reduce by a third what had become a kind of threatened tidal wave in the mid-"90s of actually more cocaine than world consumption really demanded. That's why you saw inroads of cocaine begin to move in Europe, into parts of even Africa and Asia, efforts to expand markets into Brazil, which is now estimated to be the third largest consumer of cocaine.

And while we previously had Asian heroin

as a principle source, especially on the East Coast where there is the largest number of heroin-addicted individuals, and has been for decades, the Colombians undercut that market with bringing in chemists or cookers from Asia to learn how to make highly pure heroin and to ship it in a way that would allow it to compete successfully through their networks and cost on the East Coast.

East of the Mississippi for a number of years now, the heroin market has been dominated 95-plus percent by Colombian heroin. On the West Coast, Mexican black tar and brown heroin has dominated in recent years. But there has been a real bifurcated market.

What's happened in those areas? Not only has President Uribe cut down the cultivation of coca dramatically and the profits have effected individual armed groups, we know, and that process, however, that is ongoing, but he's also was attacked opium poppy, which much smaller. Estimates are about 100 -- our estimate is about 100,000 hectares of coca cultivation, about 30 to 40 -- 20 to 40,000 hectares -- excuse me, 2,000 to 4,000 hectares of opium, much smaller problem.

But the most immediate effect that we've

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even seen downstream already now is with heroin. We just released a DEA report which is an ongoing report to analyze the domestic availability of drugs. This is the Domestic Monitoring Program Report for 2004 on Heroin.

South American heroin samples between 2003 and 2004 declined in purity by 22 percent and increased in cost per pure gram by 30 percent in one year. The effect of efforts to control manufacture at the source have had substantial changes for cities like New York, Baltimore, Washington, Boston, even Chicago.

And those have been the result of dramatic reductions. Also efforts to combine the effect of our additional enforcement measures on the transit of these drugs into the United States. A smaller drug, the bulk -- in fact almost the entire market is in the United States, in this case, and you begin to see the changes on the streets in the United States already.

So this partnership, we believe, has worked two ways obviously. But it is also, I think, important to recognize that the effectiveness of this partnership depends on Colombia. It's not only, you know, something we ought to say to be polite. It's the fundamental truth. Leadership in the country

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makes a fundamental difference.

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understanding, and direction, The and drive of that leadership makes fundamental а I think importantly, what we're And, asked to support and what the actions -- the combination of actions are are critical.

It requires both law enforcement and rule of law and economic development. It requires both a concern for courts and adjudication that may include things such as extradition to make them work. And it requires a presence of government in its capacities as concern for education, concern for health, concern for the well-being of people, as well as for security and the connection of these populations.

Now that, of course, is not easy. But the other example that President Uribe, I think, and the people -- the great people working with him, have shown is it is doable. It is doable with the right leadership, doing the right things, in the right place, in reasonable amounts of time.

And I think when the alternatives are presented to many of either continued corruption, of half measures, of radicalism, of new forms in a new environment of criminal activity, of accepting the domination or the rule of Mafias in countries in this

hemisphere and others, I think it is important that we spend a bit more time focusing on both the real costs of that and be as clear as we can be in our public debate but also on the real combination of instruments and ingredients that are necessary to turn that around.

I don't think that is clear enough. I don't think it is stated clearly enough. And I think it's also, in the case of the consequences that drugs may play as a part of this, I think it is also very important for us to be a little clearer in stating it is not about whether or not you like people to have the ability to recreate chemically or not. The drug problem does require, I think, that we be serious.

It is antithetical to freedom. It takes the individual freedom and turns it into self-destruction.

People don't die over these freedoms, this liberty, for the sake of allowing their citizens to be victimized even if they are self-victimizers on a massive scale. It's the turning inside out of the very principles that we now hold dearly and we are aware people are making sacrifices to allow us to keep.

So I think Colombia has a lot to teach us.

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And it is underappreciated both in the area studies but also, I think, in terms of security, economy, and in terms of how we understand the future for the hemisphere. That there are people who want to focus on one thing. If we just have economic development, if we just have free trade, we're going to have all the things we want fall into place.

Well, obviously you have to have institutions of law. You have to be able to overcome Mafias. You have to be able to overcome corruption. And free trade is an important tool but it is one tool in that process. And at the same time, there have to be, obviously, security forces that can and do support human rights and not violate them.

And I think that the unwillingness to look more seriously at the example of Colombia really shows a blind spot in the way many of those who discuss these issues come to them from a kind of position of bigotry that, I really think -- I hope we will reflect on because if we don't, I think our policymaking, the implications of leadership that many look to for guidance, many come to our country for the benefit of its educational institutions and its policy debates, we'll be shortchanging them.

I've already talked longer than I wanted

1 Let me take some questions from you on any of to. these or other topics. 2 3 (Applause.) 4 AMBASSADOR DAREMBLUM: We would appreciate 5 those asking questions to identify themselves, name and affiliation. 6 Thank you, sir, I'm Chris 7 MR. HARMON: 8 Harmon, with Marine Corps University. I appreciated the indicators of progress. 9 10 If I could ask about one interesting exception to 11 that. 12 How was it that those three IRA guys got 13 out of jail and back to Ireland? And related, do you think any of their collaboration in Colombia had to do 14 15 with narcotics? 16 DIRECTOR WALTERS: Well, I don't -- I mean I'll use a old line from my former 17 -- I'll confess. 18 boss, Bill Bennett, you know, I don't do retail. 19 do think that specific cases where people who are 20 involved in criminal acts get away is bad. know the specifics, frankly, of exactly how they 21 22 escaped. 23 I don't think there is any question that -- for those that have argued that, well, the link 24 25 that is frequently discussed that we've actually tried

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to help people become aware of that are users and supporters between drugs and terror is you know, well, that's not really serious.

I think the reality here is, from our own neighborhoods in the United States that are effected to countries like Colombia and Mexico, Peru and Bolivia, and others, to Afghanistan, not all the ties are to al Qaeda and necessarily global terrorist groups.

But this lawlessness is tied to attacks on fundamental institutions of justice because substance abuse has to use violence because it is antithetical to rule of law, to democratic states, to freedom and individual well-being. So it has to be an enemy of institutions that are for democracy and freedom and liberty.

And the only way it can protect itself from that enemy is through violence and intimidation. So it is not an accident that criminal groups are reaching out. We try to monitor how far and how well linked they are.

We are obviously concerned that at the decline of the Cold War and as we try to combat state sponsorship of terror, that the money to have guys carry guns and walk around and do nothing else but

engage in violence and terror, the money has to come from somewhere. And increasingly, it can come from either individuals, small groups of individuals, or criminal enterprises.

Drugs is a major, obvious source of that money. It has been used in the past by groups to support their activities. It continues to be used in those ways. And that these forces can become not only destabilizing in places like Colombia and Mexico, but in countries throughout the world.

Now there are other criminal enterprises, kidnapping, bank robbing, forgery, and other things that are also used. But, you know, drug trafficking throws off а lot of revenue. And so it is increasingly something that if you are good smuggling, you're good at money laundering, you're good at moving people or things, you can make -- you threat for for can create a us and democratic countries in a variety of dimensions.

So I think the link between these individuals is something we are worried about. But, you know, those links vary at different times. And they require careful monitoring.

MR. NOELL: Thank you. Preston Noell with Tradition, Family, and Property. I was surprised not

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to hear you mention the FARC at all in your presentation. I wonder if they are no longer a factor in Colombia.

said armed DIRECTOR WALTERS: When I groups, I meant the FARC. But no, they are a factor. -- look, there are some think the things sometimes, you know, simple things are illustrative of very deep changes. I had the honor to represent the United States at the inauguration of President Uribe. At that inauguration, you may remember, the FARC mortared the site where the inauguration took place. They wanted to mortar more but it had a little technical problem.

Now, after a relatively short period of time, the FARC, which had the boldness at that point not only to have its own safe haven, it was carving up the country and it was bold enough to attack the institution of the presidency of the country and try to kill him, is now regularly in discussions about ending and getting out of the war.

There is no better sign that not only on the paramilitary side on the right but the FARC on the left is, the constant theme of the last 18 months is peace talks: when, where, how, what are the terms going to be? That, you know, nobody talks about exit

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strategies when they think they are winning. They talk about exit strategies when they think they are losing.

If you are buying, you know, FARC futures, that market is tanking. And I think the reason for that is because of the effectiveness of what President Uribe has done.

Now are we there yet? No. Is it going to Is it going to be something that be difficult? Yes. gets done in the current term of President Uribe? don't know. But I do think that the ability to see this as, you know, an important need to shrink the resources, shrink the territory, attack infrastructure, of insisting that there be a real stoppage of violence and attacks as a prelude to serious discussions is important.

It is controversial. It's difficult in these environments to have these kinds of things. And to make decisions on what you compromise on as you get down to the final part. But you cannot help but be struck by the fact that from, you know, shelling the inauguration to seeking a way of giving up is a big change.

MS. SCHOTT: Thank you. Sonya Schott with the Radio Venezuela Vallera.

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Mr. Walters, I would like to know what will be the future of the Plan Colombia because I know it was facing some financial problems. It is over and the second one is in Venezuela when it declared its cooperation with the DEA, the Drug Enforcement Agency. but President Chavas still said that he is able to cooperate, to work together with the U.S. I would like to hear some comments from you. Thank you.

DIRECTOR WALTERS: Yes, well the original presentation of Plan Colombia, you are right, had a certain number of years and dollars. And that original time frame has ended. President Bush and President Uribe have made clear our intention to continue to support Colombia in this.

We have received, I think, basically the appropriation we asked for for next year before Congress, it's not done yet, but I'm pleased that Congress has been forthcoming on that money. And we're continuing to support the efforts in Colombia.

I think it is very important to say, of course, what you know, which is the bulk of this effort is carried on by the Colombians. sometimes when talk about we these things in Washington, believe that, you do we know, everything. And why don't the partners, since it is

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their country, do more.

President Uribe has raised more money than people thought. Obviously the people on the front lines who continue to fight and die are Colombians. And we've had some losses and we have some, obviously people in harm's way with them.

And it has been -- but there is no question that the burden is being carried by Colombians. We intend to -- we're working with the Colombian government now to systematically look at continued programming for additional years.

But we're not walking away. I don't think that is the move in Congress. Obviously there's a lot of pressures in a competitive budget environment. But I think that the results -- if you're going to fund on the basis of results, the results in Colombia are spectacular frankly. And I think the issue is how do we make sure that we also get this to a place where it capitalizes on what is possible here.

There's also, I think, a tendency in our policy debates on some of these areas and others to say well once we start making progress, let's stop. It's a problem of drugs. It's a problem of other areas. The desire kind of not to do the hard work as quickly as you can avoid doing the hard work, kind of

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1	Tom Sawyer mentality, is a mentality of governments as
2	well as individuals.
3	So but it is important, I think, for us
4	who have positions of responsibility to try to make
5	sure we combat that by explaining what is at stake and
6	what is really involved here.
7	So in terms of Venezuela, sure, we've had
8	problems. You know, I don't think that's a secret.
9	And the problem of working with President Chavas is
10	serious and is ongoing. But, you know, we have, you
11	know, had the decline in cooperation. It is troubling
12	as is some of the other parts of the relationship that
13	I'm not responsible for.
14	But, you know, we will try to do what we
15	can here because there is a lot at stake. And, you
16	know, DEA has had the ability at times to work in
17	environments where other parts of the government have
18	not been able to work as aggressively.
19	But there's been no question, there's been
20	a degrading, a serious degrading of cooperation to the
21	detriment, I think, of both the rest of the hemisphere
22	and Venezuela and the United States.
23	AMBASSADOR DAREMBLUM: Mr. Vargas Llosa?
24	MR. LLOSA: Alvaro Vargas Llosa with the
25	Independent Institute. Two questions. The latest

figures by the U.N. seem to indicate that the progress made in Colombia might have been offset by a big spike in the cultivation in Peru and Bolivia, about 14 percent of Peru, I think. So what is your reaction to that?

And is there any evidence that the flow of drugs into the United States, quite apart from the eradication efforts in Colombia, is paying off? Is that -- the effort here with the trade, is that producing any results? Any indication that there has been a kind of sort of shift away from the market here towards other markets maybe in Europe or other parts of the world?

DIRECTOR WALTERS: Yes, important point.

On the U.N. question, let me explain for those who may not be knowledgeable of all these.

In terms of worldwide drug production, there essentially are two sources of estimates of production. One is the United States government and the agencies that come together from our government to annually produce a report mandated by Congress of what has been happening. We use all of the information we have at our disposal to create those estimates, including information supplied by the countries.

There is a second estimate that is

produced from some countries by the United Nations, the U.N. Office of Drugs and Crime. And those estimates are done through means at their disposal. Those estimates are not the same.

And this is one of those cases where we believe and we have reported minimal increased cultivation in Peru and Bolivia, a net decline in the region over the last several years. And the U.N. has found relatively -- I would say modest but measurable and significant increase in Peru and Bolivia.

I would say having looked at the sources of both reports, we have a lot more capacity to provide those estimates than the U.N. does. And I don't think, when you think about it, that's not going to be obvious.

But, again, the estimation process is an estimate. I mean you do sampling. You do take a variety of sources. You try to get to the bottom. But I wouldn't say that it should be confused with the census or, you know, everybody -- we have perfect knowledge of these things. You always have to be willing to live in the reality of what we can measure and estimate in a covert criminal activity in a farflung environment.

But I don't believe there has been the so-

called balloon effect. And I don't think that's a serious threat at this point although we are vigilant about that. And obviously there are problems in continuing the programs. We work carefully with the governments of Peru and Bolivia who are having their own issues with stability and some difficulty here.

So a lot of hard work goes into it by them and by people here and some others who try to help us on this regard.

In terms of the flow, I mentioned that the issue always is, I think fairly, okay, can we actually provide enough difference in the source to effect availability here because that's what supply ideally does to make the difference in drug use in the drug problem in the United States.

As I said, we now see dramatic changes in the availability of Colombia-based heroin over the last -- and, in fact, that has contributed to the actual decline over the last four years of heroin availability in the United States.

In terms of cocaine, we are monitoring this carefully. We haven't seen yet the same changes here. But, again, I will point out that where we had an estimate of about 18 metric tons of heroin from Colombia, we have hundreds of metric tons of cocaine

going to multiple markets that we do not, and they do not measure carefully: Brazil, Europe, other parts of the world.

Consumption in the region is, we know, significant. And we can't measure it. There could be efforts to shift in those markets that would not yet be fully detectable to us.

But, yes, our goal is, through a combination of source activity, criminal investigations, interdictions which have been at a record rate because of the sharing of information. In fact, I believe this month alone, I got a report this morning, the total for August is 50 metric tons of cocaine have been seized.

The view that we basically, you know, we seize ten percent has, for the last several years, been remarkably anachronistic. We have the capacity, through the information that is being shared and through a lot of hard work of people that are in institutions that are under stress for other duties, been creating enormous losses not only in the fields but in the transportation pipeline of cocaine.

So we hope and we anticipate that -- and the goal of this is obviously to reduce availability here. We know that even before that happens, what

1 will happen is it will drive up and drive down -drive up the operating cost and drive down the profits 2 3 to those armed groups and those criminal actors that are involved. 4 5 I mean there is no question that some of the desertions in regard to the FARC, the ELN, the AUC 6 7 have been accompanying with reports that, you know, 8 they can't food, they can't get conditions, they can't 9 get paid. There is no question that the pressure that 10 the Colombian government from its own borders out, 11 with our cooperation and others, has had an effect on 12 their ability to finance them. 13 So I think it is very important that we 14 also keep the pressure on. But we're watching this. 15 And the goal is, obviously, to change the worldwide 16 availability of cocaine. And this is a historic 17 opportunity to do so. 18 AMBASSADOR DAREMBLUM: Two more questions. The gentleman here. 19 20 Thank you, Mr. Walters. MR. MERAZ: I'm Gregorio from Televisia News Network 21 Meraz from Mexico. 22 23 increasing number seen an have executions all over Mexico recently in regards with 24

narcotic traffic. Do you see any parallel with the

situation in Colombia when the authorities started to fight the drug cartels? And do you believe this situation is maybe getting out of control in Mexico?

DIRECTOR WALTERS: I don't think the situation is out of control in Mexico. Obviously we are doing everything we can to support President Fox's government in trying to attack this problem.

As you know, we have been clear that what, in part, happened over the last couple of decades for those of you that aren't involved in this is you will remember the news reports of Pablo Escobar and the Medellin and the Calli Cartel, the most powerful men in the world in the mid-"80s. Could buy or kill anyone anywhere on the globe. Well, he's, of course, dead and most of the people who worked with him are either dead or in jail through a lot of hard work and frankly a lot of sacrifice.

The current violence in Colombia, the groups are serious but they are nonetheless actually a somewhat diminished capacity from what there was 10 or 15 years ago.

And that shift has happened through the more prominent movement of Mexican criminal organizations into receiving drugs from principally Colombia but not just Colombia, manufacturing and

producing heroin and marijuana and methamphetamine now in Mexico and distributing it through Mexican-based networks in the United States. Their networks have replaced the old Colombian networks that were originally built on marijuana to distribute multiple drugs.

So it has been the power of these groups is -- what I'm getting at is the direct result of dollars of United States citizens buying drugs.

We have created the power of groups who, today, are one, I think, the principle threats to rule of law in Mexico. And we have been working with President Fox in his unprecedented effort to build institutions that can begin to deal with them.

Ironically, it is probable that some of the violence is the result of the blows he has given to destabilize some of those organizations. You know the most ruthless organized crime is at its strength relatively stable. You can look at the Soviet Union, I would say, is the largest example of organized crime in my lifetime.

But, you know, when you have large criminal groups, you know when they are able to kind of have territory, have control, make deals, they are relatively stable.

41 times of transition, there remarkable violence, whether that if forced on the state or whether that is the removal of rivals whose territories become a source of competition. obviously happening in parts of Mexico. And there have been these attacks and murders of various groups. is troubling. Ιt is probably a necessary stage to some degree. But obviously everybody wants it to end by bringing these people to justice.

And important contrast that we have with Colombia and Mexico has been the obstacles in the Mexican law that prevent extradition. We understand and we certainly obviously respect the sovereignty of Mexico.

But I think it is an important example of the problem of having incredibly violent and wealthy and powerful people who can attack institutions of justice when they are vulnerable.

So we have been working with Mexico to try to overcome these obstacles, to try to help and bring some of these people out. And we continue to do that.

I think that would be something that if we could get there would have an enormously beneficial effect on the ability of these individuals to continue

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to be a threat. But that will depend on decisions by authorities in Mexico.

But yes, I think they are good under pressure -- and in the meantime, what we're trying to also do that I think is very important is where these substances come from outside of Mexico, obviously in Colombia and other places, is attack it there and attack the networks that provide the resources and retailing in the United States.

We're trying to work more aggressively at the border as well to make all the stages of vulnerability as capable of being exploited as we can.

MR. MERAZ: Do you see any parallels with Colombia?

DIRECTOR WALTERS: Well, I don't think there is any question that the power of these groups and, again, the necessity that these groups attack institutions of law and democratic government, they have to. They have to try to corrupt those institutions. They have to prevent them.

Because look, no society -- Mexico also faces another, I think, more important problem in some dimensions than Colombia faces. That is domestic consumption. Over the last ten years, consumption inside Mexico of methamphetamine, of marijuana, of

cocaine, of heroin has increased.

I've visited treatment centers. We have a much more sophisticated relationship with Mexico than many countries of the world in terms of demand reduction technology and treatment and prevention programs that have been built in Mexico.

But that's because of the, you know, the fact that these substances are available there, that there is marketing both around that transit as well as the movement of those drugs into the United States.

So, yes, I think we're at a very critical point in Mexico. And it is at a difficult time going through an election and other things where the institutional capacities that have been built are going to be tested.

We will continue to support President Fox and the people who are in those institutions as we have. We are looking for ways to make it stronger because this is a horrible suffering for Mexico. And obviously it is a threat to us.

AMBASSADOR DAREMBLUM: Director Walters will take one more question. The gentleman here? Yes.

MR. TREE: Director Walters, my name is Sanho Tree from the Institute for Policy Studies on

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drug policy issues. I agree with your statement that
poverty isn't the only reason for these things. But
in places like Putumayo where I spend a lot of time in
southern Colombia, poverty is a significant factor.
It is about two-thirds of the population lives below
the official poverty line.
And the infrastructure there is so poor
and the soil is so poor that it can't possibly support
a population of more than 320,000 people on a legal

question with And my is all the fumigation that has happened, and I've been on countless farms that have been destroyed both growing coca and farms that grew absolutely no coca, once these people lose their livelihoods, what do we expect them to do?

There's already three million internally displaced people in Colombia. The cities can't absorb any more unskilled workers. There are no jobs for these people.

There's no, you know, alternative development programs to speak of because we don't control the countryside so it is not safe to do those kinds of things.

What I observe happening is that these

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economy.

people are going deeper into the Amazon, planting more coca, more productive varieties of coca that get much higher yield than the stuff we originally eradicated.

A number of them are joining the illegal armed actors, the FARC and the AUC.

You know so what are the options left to these people? We're talking about tens of thousands of individuals, many of which are families.

And the young, able-bodied ones, instead of us bringing them into the fold of the state to show them that the state offers them something better, we are eroding the legitimacy of the central government and driving them, perhaps unintentionally, into the arms of our officially declared enemies, the armed actors.

DIRECTOR WALTERS: Yes. I think that that is a very important question. I'm glad we got to it while I'm here because I think it is also -- a version of that question is also the argument against eradication everywhere because it generally is in places where governments have weak or no control.

And, therefore, the view is that if you actually do something against this, what you do is radicalize and increase the security problem you have because now the government is giving these people a

reason not only just to avoid the government but to be active antagonists. So they will be driven into the arms of anti-government forces. They will arm themselves.

And I think in this case, Colombia has done three things that are important and that are differently directed. One is they have done a lot of alternative development. Some of it funded by us. A lot of it funded by others. Some of it their own projects in areas where there were real alternatives.

And I think they have also been clear, as we are, that we think ultimately opening trade -- we have the provisional agreement for trade products related to compensating for the narcotics problem -- but ultimately trade agreements are important. And important for expanding economic activity that is durable and brings people into a growing economy.

Secondly, what President Uribe has done in some cases -- not in all provinces -- but where there are people that are in isolated places where it really isn't feasible to grow something else -- and you are right, in some of the places where coca is grown, where they slash and burn triple canopy rain forest, the soil is very fragile and it is not economic, it's not capable of bringing to market, but even it's not

long term -- you can't even grow coca there long term.

You grow a few crops then you slash and burn another area of rain forest and grow it somewhere else because you can't sustain it. In those environments, he has as a temporary measure, asked families to stay there, the so-called Forest Guards Program -- asked families to stop growing, stay there, and allow the jungle to reforest.

And this is another program where they say he can't do this. They will cheat. They won't accept this. He's got thousands of people around the country doing it. And, again, it has to be monitored. It has to not be a fraud. There has to be some consequences.

But it is a way of buffering the time for other economic alternatives and other things to come into place. And yet insist that you do maximum progress against the source of the money and the corruption and the violence.

But in addition, I think he has also been candid and said, you know, there are going to be areas where people came in in a kind of gold rush. They came into areas where you can't support with legitimate economic activity what is going on.

And he and other senior officials there have said -- and he met with them face to face, as you

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no doubt know, and said go back to where you came from. Yes, there may be some transitional hardship.

But the harm this does to the country is greater than what we can tolerate by taking half measures.

And, again, it doesn't necessarily convince everybody. I think he understands that and we understand that.

But he is trying to give maximum clarity and maximum number of pathways. But he is also accepting the fact that the fact that some choices are going to be harsh is inevitable.

And the tendency to want to say well, you know -- there is a tendency in the way we discuss this even in fairly high levels of Congressional debate sometimes that the only moral way to stop somebody from growing a product which the only purpose of which is to poison other poor people in other places is to give them an equal or greater value product side by side.

That is ludicrous. It cannot be done. And the issue here is are you going to accept that poisoning other people is a legitimate activity that needs to be accepted and rewarded? Obviously we want development.

Obviously we want people to have a future.

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They want to have a future. They want to have a free government. And they want to be able to support their families.

We need to provide pathways for that. But

we need to provide pathways for that. But we need to also say there is a moral culpability to being involved in this business. From those who plant it to those who process it to those who pull the trigger and kill people who get in the way. That is linked.

That has been an argument, frankly, that President Karazai in Afghanistan has used to get not all but some people to say I've got a moral problem with growing poppy. It's not that this is people far away and it is their problem. Don't use it. I've got to take responsibility.

So I think both in terms of our trying to take the consumer in the United States through ads we did and others saying you fund terrorism.

You take drugs. You take responsibility. You fund people who kill judges. And get people killed in drive by shootings and stray bullets. You fund people who overturn institutions of democracy and take away rights of people you care about.

You can't pretend that you are not linked to that. And, of course, people who are using --

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that's outrageous. Except that it is true.

And I think that it is very important not only to have kind of clear goals on this. But I do think the moral lines that we draw here, which are hard to draw -- we don't like them and we have reasons -- sometimes personal reasons to not want to draw them -- but we have to be willing to make that as a foundation.

I think that's what President Uribe shows.

And that's why I came to talk about that is it is not just hey look, this guy has got economic development, more security, less human rights violations. You know, why don't we get more President Uribes?

It's -- I think the importance is partly the process. We can't clone President Uribe -- leave aside that debate.

(Laughter.)

DIRECTOR WALTERS: But what we can do is,

I think, learn that it is not just about finding this,

you know, rare individual and having a country make
him their leader.

It's about things that he's been willing to do to be clear-headed about what is right and wrong, what constellation of policies, hard and not necessarily liked, have to be put together, and then

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1	aggressively implementing them in a relatively short
2	period of time.
3	That requires skill but also, I think, you
4	aren't going to get more of that if you don't tell
5	people that's what you got to do. You know it's a
6	hard job but you're going to have to paint this fence
7	and the whole fence today. Not half the fence.
8	Not two-thirds of the fence. Not whatever you feel
9	like doing. And then you say well, I did my job. I
10	made a gesture. I'm out of here.
11	That's what you got to do. And that's
12	what we have to if we don't drive policies that way
13	with that kind of integrity, I think we don't get the
14	results we need. And then the problem in this area is
15	if you fall short, you really are kind of shoveling
16	sand.
17	And that's the difference that President
18	Uribe has made. He has shown that you can do it.
19	And, I think, he has represented the best in what we
20	can hope to do in this area. And we want to replicate
21	it.
22	Thank you for letting me spend some time
23	with you.
24	(Applause.)
25	AMBASSADOR DAREMBLUM: We want to thank

1	Director Walters for his very enlightening and
2	educating message this morning. We want to thank
3	Director Walters' staff for their cooperation in
4	organizing this event.
5	And we would like to invite you to share
6	some refreshments with us. And thank you very much
7	for being here this morning. Thank you.
8	(Whereupon, the above-entitled address was
9	concluded at 11:09 a.m.)
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